financing plans including their debt/equity ratio, and these details were not submitted by the bidders.

Cost of power generation in naphtha based units

1625. SHRI K. CHANDRAN PILLAI: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that there is steep rise in the price of naphtha;

(b) if so, whether this increase has raised the cost of production of power generation in naphtha based units;

(c) if so, the details thereof;

(d) whether Government would consider exemption of naphtha from excise duty to tide over the present crisis being faced by naphtha based power units in the country; and

(e) if not, the details of steps Government propose to protect these power generating units?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) Yes, Sir.

(b) and (c) Yes, Sir. The increase in price of Naphtha has resulted in an increase in the variable cost component of the cost of generation in Naphtha, based power plants. The variable charges of generation was Rs.1.14/Kwh (KiloWatt Hour) in 1995 when the cost of Naphtha was Rs.62001 Metric Tone (MT). The current variable charges of generation is Rs.6.28/Kwh based on the increased Naphtha price of Rs.34,608.22/MT as on 16.08.2007.

(d) and (e) No, Sir. At present there is no proposal under consideration of Government to exempt naphtha for generation of power from Excise duty. As the domestic price of Naphtha, which is determined based on its international price, has increased .steeply, power generating units based on Naphtha, are increasingly opting for Re-gasified Liquefied Natural Gas (RLNG) so as to minimize the fuel cost of such units.

Efficiency of power plants

1626. SHRIMATI PREMA CARIAPPA:
SHRIMATI SHOBHANA BHARTIA:

Will the Minister of POWER be pleased to state:

(a) whether the World Bank is funding a regulatory study to encourage energy efficiency through investment in rehabilitation of coal-fired generation plants in the country;

(b) if so, the details of the proposal discussed at the meeting of the power regulators held in May, 2007;

(c) the main decisions arrived at; and

(d) to what extent the steps taken have improved the thermal power plants' operating energy efficiency?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE) (a) to (d) An amount of USD 1 million has been made available through the Japan Policy and Human Resources Development (JPHRD) Grant and $ 880,000 through Energy Sector Management Assistance Programme (ESMAP) by the World Bank for funding project preparation activities of the project "Rehabilitation of coal fired plants in India". As part of the project preparation, a number of studies relating to project feasibility, project design, project implementation etc. would be carried out.

As a part of this project preparation process, the Central Electricity Regulatory Commission (CERC) is associated with a regulatory study. The study aims to provide the regulatory bodies and other stakeholders in India with a coherent understanding of regulatory options available to encourage investment in rehabilitation of power plants that brings about improvements in plant operating energy efficiency. The outputs of the study will help creating incentives for renovation and modernization as set out by the Tariff Policy issued by the Central Government.

The CERC has also associated the forum of Regulators with the study. The forum has given its recommendations for the appointment of a consultant for the study.

Indo-Bhutan agreement on power project

1627. SHRI URKHAO GWRA BRAHMA: Will the Minister of Power be pleased to state:

(a). whether it is a fact that India and Bhutan have entered into an agreement to set up a power project in collaboration;

(b) if so, in what manner the new power project would change the power sdenario in the North Eastern Region and Assam in particular;

(c) whether the new project would have any impact in controlling the flood problem in Assam; and

(d) if so, the details thereof?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) Yes, Sir. An Agreement has been signed on 28.07.2007 between the Government of India and the Royal Government of Bhutan on the implementation of Punatsangchhu-I Hydroelectric Project (1095 MW) in Bhutan.

(b) The surplus power from the project will be exported to India thus augmenting power availability, which would help in bridging the supply-demand gap in energy in the country, including the North-Eastern region.

(c) and (d) Since the Project is a Run-of-River type, flood moderation benefits are not envisaged.